

## **Short Time Compensation Information for Federal Employers and Employees**

### **Overview**

Short-time compensation (STC), also known as worksharing or shared work, preserves employees' jobs and employers' trained workforces during disruptions to regular business activity by reducing hours of work for an entire group of affected employees rather than laying off some employees while others continue to work full time. STC provides a portion of a weekly unemployment compensation (UC) payment to certain individuals whose workweeks have been reduced. STC cushions the adverse effect of the reduction in business activity on workers and ensures that these workers will be available to resume prior employment levels when business demand increases.

STC is different than regular Unemployment Compensation (UC). In situations where there is a reduced number of work hours but the individual may not qualify for regular UC benefits due to the hours worked and wages earned, STC offers another potential option for partial wage replacement.

STC is a voluntary program for states. The following states have STC laws which may allow federal agencies to participate in their STC programs: AZ, AR, CA, CO, DC, FL, IA, KS, MA, MD, ME, MN, MO, NH, NY, OK, OR, PA, TX, VT, and WA. (This list will be updated as other states implement STC programs.)

### **Eligibility**

For employees to receive benefits under an STC program, the federal agency must have an STC plan in place with the state (generally, the state of the employee's official duty station). Additionally, the federal agency must reduce hours by the minimum level required by the state's STC law, and the reduction must be in lieu of a layoff. In some states, the reduction cannot be less than twenty (20) percent of the usual weekly hours. Also, while receiving benefits under an STC plan, employees are required to be available for their normal workweek and they must meet all other qualifying provisions or criteria under the state's STC program.

### **Benefits**

The amount of benefits paid to employees is a pro-rata portion of the UC they would have received if they were unemployed.

For example, an employee normally works a 40 hour work week. The employer reduces the work schedule by 20 percent. The employer submits an STC plan, and it is approved. The employee qualifies for regular unemployment compensation with a weekly benefit amount (WBA) of \$270.00.

- $20\% \times 40 \text{ hours work week} = 8 \text{ hours}$
- Employee works and earns wages for 32 hours
- $20\% \times \$270 \text{ WBA} = \$54.00$ .

The employee receives \$54.00 of unemployment benefits in addition to the 32 hours of wages earned from the employer.

## **Federal Employer Application(s) for STC**

For Federal employees experiencing reduced hours, in order to potentially be eligible for STC, Federal employers must submit an application to the appropriate state(s) to participate in an STC program. A state-approved STC plan must be in place in the state (where the individuals would otherwise qualify for UC). (In the case of a federal employee, in general, the applicable state is the state where the employee's official duty station is located.)

The STC process differs among states. Employers may be able to file applications on-line or by way of fax or mail. Information often requested in the applications includes the name and social security number of each employee participating in the STC program, the normal weekly hours of work, the percentage reduction of hours of work, the plan start and end dates, and some states require the collective bargaining agent/union to agree to the STC Plan. The time period to approve a plan varies, but most states will make a decision within 15 or 30 days of receipt of the plan. The state agency will notify the employer if the plan is approved or denied. If the plan is denied, some states will allow the employer to submit a new or amended plan or allow for reconsideration of the denial.

Federal employers will need to be actively involved throughout the process while participating in an STC program. It is recommended that the federal agency designate a point of contact (POC) to complete any necessary forms, communicate with the state agency and the employees, and become familiar with state STC requirements.

## **Initial and Continued Claim Filing**

Employees should first contact their employer to determine whether their employer has an approved STC plan with the state and to learn about the claim filing process. If so, an initial claim must be filed and, depending upon the state, may require involvement from both the employee and employer to file the claim. The state will determine whether the impacted employee is eligible for STC under an employers' STC plan. If an employee is determined eligible, it will be necessary to file continued claim certifications on a weekly or biweekly basis. As noted above, the process varies among states and may involve both the employer and employee. Questions concerning eligibility may be directed to the [State Unemployment Insurance agency](#).

## **Taxable Income**

Unemployment compensation received under the unemployment compensation laws of the United States, or under a state law, is taxable income. Individuals who have received unemployment compensation should get a Form 1099-G from the state where the claim was filed, showing the amount paid and any federal income taxes they elected to have withheld. For more information, see [Publication 525](#), Taxable and Nontaxable Income on the IRS Web site at: [www.irs.gov](http://www.irs.gov).

## **State STC Website or Contact Information:**

Additional information regarding specific state STC programs are available through the websites or contacts identified below:

### **Arizona**

<https://www.azdes.gov/main.aspx?menu=234&id=2196>

**Arkansas**

<http://dws.arkansas.gov/Employers/SWP.htm>

**California**

[http://www.edd.ca.gov/unemployment/work\\_sharing\\_claims.htm](http://www.edd.ca.gov/unemployment/work_sharing_claims.htm)

**Colorado**

<http://www.colorado.gov/cs/Satellite/CDLE-UnempBenefits/CDLE/1251575107582>

**District of Columbia**

<http://seq.does.dc.gov>

**Florida**

<http://www.floridajobs.org/office-directory/division-of-workforce-services/reemployment-assistance-programs/short-time-compensation-program-for-employers>

**Iowa**

Connie Dykstra

[Connie.dykstra@iwd.iowa.gov](mailto:Connie.dykstra@iwd.iowa.gov)

**Kansas**

[http://www.dol.ks.gov/UI/swpempinfo\\_bus.aspx](http://www.dol.ks.gov/UI/swpempinfo_bus.aspx)

**Maine**

<http://www.maine.gov/labor/unemployment/workshare/>

**Maryland**

<http://dllr.maryland.gov/employment/worksharing/>

**Massachusetts**

<http://www.mass.gov/lwd/unemployment-insur/business-support/worksharing/>

**Minnesota**

<http://www.uimn.org/uimn/employers/help-and-support/shared-work/index.jsp>

**Missouri**

[http://www.labor.mo.gov/des/employers/shared\\_work.asp](http://www.labor.mo.gov/des/employers/shared_work.asp)

**New Hampshire**

<http://www.nhes.nh.gov/nhworking/stay/index.htm>

**New York**

<http://www.labor.ny.gov/ui/dande/sharedwork1.shtm>

**Oklahoma**

Patti Pearce

405-557-7288

[patti.pearce@oesc.state.ok.us](mailto:patti.pearce@oesc.state.ok.us)

**Oregon**

[http://www.oregon.gov/EMPLOY/UI/EMPLOYER/pages/work\\_share\\_updated.aspx](http://www.oregon.gov/EMPLOY/UI/EMPLOYER/pages/work_share_updated.aspx)

**Pennsylvania**

[http://www.portal.state.pa.us/portal/server.pt/community/shared\\_work/21289](http://www.portal.state.pa.us/portal/server.pt/community/shared_work/21289)

**Texas**

<http://www.twc.state.tx.us/ui/bnfts/sharedwork.html>

**Vermont**

<http://labor.vermont.gov/Default.aspx?tabid=1575>

**Washington**

<http://www.esd.wa.gov/uibenefits/faq/shared-work.php>